CloudMD Software & Services Inc.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2023, and 2022

(Amended and Restated)

(Expressed in thousands of Canadian Dollars)

NOTE TO READER

This management's discussion and analysis ("**MD&A**") replaces and supersedes the MD&A previously filed on November 29, 2023. As disclosed on November 29, 2023, after the issuance of the audited consolidated financial statements for the years ended December 31, 2022 and 2021, the Company's external auditors and management performed additional procedures and certain adjustments were identified that required restatement of the annual consolidated financial statements. Such additional procedures were also performed over the unaudited interim consolidated financial statements for the three and nine months ended September 30, 2023 and 2022 in connection with the completion by the Company's external auditor of its interim review procedures. Such procedures resulted in a number of adjustments that required a restatement of the interim financial statements, as fully described in Note 2 to the accompanying restated interim consolidated financial statements. As a result, the MD&A has been revised to give effect to the restatement of the interim consolidated financial statements for the three and nine months ended September 30, 2023 and 2021. This MD&A should be read in conjunction with such restated financial statements.

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INTRODUCTION

This Management's Discussion and Analysis for the three and nine months ended September 30, 2023, and 2022 ("**MD&A**") for CloudMD Software & Services Inc. ("**CloudMD**" or the "**Company**") is dated and based on information available to management as of December 12, 2023. This MD&A is prepared in accordance with National Instrument 51-102F1 and should be read in conjunction with the Company's restated unaudited condensed interim consolidated financial statements and accompanying notes for the three and nine months ended September 30, 2023, and 2022, and the restated audited annual consolidated financial statements and accompanying notes for the years ended December 31, 2022 and 2021. See Note 2 of the restated interim financial statements for further details about the restatements. These documents, along with additional information about the Company, are available under the Company's profile on SEDAR at www.sedarplus.ca.

The financial data contained in this MD&A and the unaudited condensed interim consolidated financial statements and accompanying notes of the Company for the three and nine months ended September 30, 2023, and 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. Amounts are stated in Canadian dollars, unless otherwise indicated. In this MD&A, where the context so requires, references to the "Company", "CloudMD", "we", "us", "our" or similar expressions refer to CloudMD Software & Services Inc.

RESTATEMENTS AND RECAST

Refer to Note 2 of the amended and restated unaudited condensed interim consolidated financial statements and accompanying notes of the Company for the three and nine months ended September 30, 2023, and 2022 for details of the restatements and recast changes made to the previously reported numbers. These changes have also been reflected in this MD&A where applicable.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements which may constitute "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities law requirements (collectively, "**forward-looking statements**"). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements in this MD&A include, but are not limited to, statements regarding:

- the Company's business objectives and key areas of focus and strategies for achieving them and delivering on the Company's value proposition of innovation in the delivery of healthcare;
- likelihood of developing chronic health conditions;
- savings associated with RPM (as defined below);
- linking RPM to our TAiCBT offering to provide holistic care for both mental and physical health;
- looking for ways to improve healthcare access by leveraging technology;
- the rates of adoption of the mental health coaching program by Sun Life's plan sponsors;
- the sale of assets of RX Infinity Inc., Rxi Pharmacy Inc. & Rxi Health Solutions (collectively "**RXI**") and VisionPros and the impact of exiting its business;
- renewal of the credit facilities on maturity;
- the belief that certain contracts will become material for the Company;
- revenue growth;
- decreases in customer acquisition costs as a percentage of revenue;
- the expectation that general and administrative costs will continue to decrease as additional cost savings initiatives are executed;

- the Company's multi-prong growth strategy and plans to drive shareholder value and the impact of such strategy, including becoming cash flow positive and achieving financial sustainability;
- annual net cost savings as a result of synergies and expected severance costs and expenses related to continued realignment initiatives;
- the runway to get to cash flow breakeven;
- the Company complying with its financial covenants;
- improvements in the overall gross margins of the business and improved cash flows as a result of the growth strategies;
- requirements for additional capital;
- government regulation;
- disputes or claims;
- currency fluctuations;
- improving the patient experience, operational efficiency and overall care performance; and
- other statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts.

By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, but are not limited to: revenue risk; failure to manage growth; reliance on key personnel; reliance on physicians and other healthcare professionals; risks and uncertainties related to geopolitical events, natural disasters, pandemics and other catastrophic events; inability to leverage technology; use of open source software; competition; infrastructure risk; potential for software system, database or network related failures or defects; major network outages; cybersecurity risks; confidentiality of personal and health information; general healthcare regulation; reliance on strategic partnerships; reliance on internet access; changes in technology; difficulty in forecasting; market for telemedicine, telehealth and the virtual delivery of other services; ability to satisfy consumer preferences and expectations; response to evolving needs; reputational risk; protection of brand; protection of intellectual property; vulnerability of customers; litigation conflicts of interest; reliance on third parties; volatile market price for common shares; ongoing costs and obligations related to investment in infrastructure, growth, operations and regulatory compliance; uncertainty of liquidity and capital requirements; ability to renew the credit facilities on maturity; internal controls; and dividend risk, and the other risks mentioned in this MD&A, and those risks mentioned in the *"Risk Factors"* section of the MD&A for the year ending December 31, 2022, as found under the Company's profile on SEDAR+ at www.sedarplus.ca. While the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such information.

Should one or more of these risks or uncertainties materialize, or should underlying factors or assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Material factors or assumptions involved in developing forward-looking statements include, without limitation, publicly available information from governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable.

Although the Company believes that the expectations conveyed by the forward-looking statements are reasonable based on the information available to the Company on the date hereof, no assurance can be given as to future results, approvals or achievements. Forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company disclaims any intention or duty to update any of the forward-looking statements after the date of this MD&A except as otherwise required by applicable law.

NON-GAAP FINANCIAL MEASURES

In addition to the results reported in accordance with IFRS, the Company uses various non-GAAP financial measures, which are not recognized under IFRS, as supplemental indicators of the Company's operating performance and financial position.

These non-GAAP financial measures and ratios are provided to enhance the user's understanding of the Company's historical and current financial performance and its prospects for the future. Management believes that these measures provide useful information to investors in that they exclude amounts that are not indicative of the Company's core operating results and ongoing operations and provide a more consistent basis for comparison between quarters and years. Details of such non-GAAP financial measures and ratios, and how they are derived, are provided below as well as in conjunction with the discussion of the financial information reported.

Since non-GAAP financial measures do not have any standardized meanings prescribed by IFRS, other companies may calculate these non-GAAP measures differently, and our non-GAAP financial measures may not be comparable to similarly titled measures of other companies. Accordingly, investors are cautioned not to place undue reliance on them and are also urged to read all IFRS accounting disclosures presented in the unaudited condensed interim consolidated financial statements and the accompanying notes for the three and nine months ended September 30, 2023, and 2022, and the audited consolidated financial statements and the accompanying notes for the years ended December 31, 2022, and 2021.

EBITDA

EBITDA referenced herein relates to earnings before interest, taxes, and depreciation and amortization. This measure does not have a comparable IFRS measure and is used by the Company to assess its capacity to generate profit from operations before taking into account management's financing decisions and costs of consuming intangible and tangible capital assets, which vary according to their vintage, technological currency, and management's estimate of their useful life. Refer to the *Overall Performance and Discussion of Operations – EBITDA and Adjusted EBITDA* section for a detailed reconciliation to the comparable IFRS measure.

Adjusted EBITDA

Adjusted EBITDA referenced herein relates to earnings before interest, taxes, depreciation, amortization, share-based compensation, acquisition and divestiture-related, integration and restructuring costs, change in fair value of liability to non-controlling interest, litigation costs, change in fair value of contingent consideration, change in contingent liability, and net loss after tax from discontinuing operations. This measure does not have a comparable IFRS measure and is used by the Company to assess its capacity to generate profit from operations before taking into account management's financing decisions and costs of consuming intangible and tangible capital assets, which vary according to their vintage, technological currency, and management's estimate of their useful life, adjusted for factors that are unusual in nature or factors that are not indicative of the operating performance of the Company. Refer to the "*Overall Performance and Discussion of Operations – EBITDA and Adjusted EBITDA"* section for a detailed reconciliation to the comparable IFRS measure.

Gross Profit

Gross Profit referenced herein is defined as revenues less cost of sales. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate the operating performance of the business.

Gross Margin

Gross Margin is a non-GAAP financial ratio that has Gross Profit, which is a non-GAAP financial measure as a component. Gross Margin referenced herein is defined as gross profit as a percent of total revenue. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate the operating performance of the business.

Working Capital and Adjusted Working Capital

Working Capital, as referenced herein, is defined as current assets, less current liabilities, excluding assets held-for-sale and liabilities associated with assets held-for-sale. Adjusted Working Capital, as referenced herein, is defined as Working Capital excluding the contingent consideration that the Company has the option of settling in shares and long-term debt that is anticipated to be extended and not expected to be paid in the next 12 months, however that is required to be classified as a current liability as the facility matures on June 30, 2024. Management expects to renew the credit facility on or before its maturity date. Management believes that working capital and adjusted working capital, in addition to other conventional financial measures prepared in accordance with IFRS, provides information that is helpful to understand the financial condition of the Company. The objective of using working capital is to present readers with a view of the Company from management's perspective by interpreting the material trends and activities that affect the short-term liquidity and financial position of the Company, including its ability to discharge its short-term liabilities as they come due. These measures do not have a comparable IFRS measure and are used to ensure that we have sufficient liquidity to meet our liabilities as they become due.

Cash outflow and Normalized cash outflow

Cash outflow, utilized in the calculation of normalized cash outflow, is defined as the decrease in cash and cash equivalents for the applicable period. Normalized cash outflow, as referenced herein, is defined as cash outflow, adjusted for expenditures that are not expected be recurring, net of changes in non-cash working capital, discontinuing operations, payment of contingent consideration, and net proceeds from business divestitures. For the purpose of calculating Normalized cash flow, expenditures that are not expected to be recurring include cash related adjustments to EBITDA. Management believes that normalized cash outflow, in addition to other conventional financial measures prepared in accordance with IFRS, provides information that is helpful to understand the financial condition of the Company. The objective of using normalized cash outflow is to present readers with a view of the Company from management's perspective by interpreting the material trends and activities that affect the Company's use of cash. These measures do not have a comparable IFRS measure and are used to ensure that we have sufficient liquidity to meet our liabilities as they become due.

Annual Recurring Revenue ("ARR")

Annual recurring revenue is defined as average annualized contract value for closed sales. This measure does not have a comparable IFRS measure and is used by the Company to assess the impact of closed sales on future period revenue projections.

BUSINESS OVERVIEW

CloudMD provides innovative mental, physical and occupational health services, healthcare navigation, absence management and healthcare productivity tools in both Canada and the United States. Through its comprehensive set of integrated workplace health and wellness services, we believe CloudMD is uniquely positioned to reduce absenteeism, improve productivity and build stronger, happier, healthier workforces.

CloudMD Purpose: Empowering healthier living

CloudMD Values: Deliver Excellence, Empowered Accountability, Connected Care, Continuous Growth, Collaboration and Well-being.

The Company has four key areas of focus in 2023:

- *Cross sell / service diversification* – position the suite of integrated services to existing and new customers, with a focus on recurring and reoccurring revenue. We aim to earn more revenue through an expanded scope in existing and new contracts.
- *Customer retention and growth* – through service delivery excellence, each capability we offer maintains a long-term relationship with our valued customer base.
- *Operational improvement* – integration of our back-end office and administration, creating scalable delivery systems.
- *Innovation* – continued brand and product alignment will enable each capability to be further differentiated and improve gross margin.

CloudMD acquired companies with best-in-class services and combined them into an integrated program, Kii, providing individuals, organizations, and health care providers access to personalized and connected health care services designed to deliver better health outcomes. Many of its acquired companies have been delivering best-in-class service for decades. All the capabilities offered within CloudMD are proven through years of delivery as siloed services. Under the Kii program we have developed a market leading approach to enhance the user experience and care delivery to meet the ever-growing demand for these services. We operate our business under two divisions: **Health and Wellness Services or HWS** (previously referred to as Enterprise Health Services or EHS) and **Health and Productivity Solutions or HPS** (previously referred to as Digital Health Solutions or DHS). Both divisions have services and tools that are integrated with the Kii program. Under these two divisions, over 7,000 customers trust CloudMD to deliver services and solutions. We are focused on growing the wallet share within these accounts as we collaboratively expand the delivery of positive health and productivity outcomes for their organizations.

Health and Wellness Services

The Company's HWS operating division provides organizations with an Employee & Family Assistance Program (EFAP), Mental Health Care (Coaching, Therapy, Treatment for Chronic Conditions), Health Coaching, Medical Assessments, Occupational Health and Absence Management, all through our integrated connected platform Kii. Our go-to-market strategy combines a direct sales force focused on medium to large organizations with a strong sales reseller channel strategy with insurance brokers, advisors and large group benefit insurers. Our customer relationship model includes a centralized account management team focused on customer success and cross-selling to our over 7,000 current customers.

Our innovation in care delivery is focused on one centralized program 'Kii' that includes in-person, digital and phone care pathways that allow choice in how employees access a broad range of services. These services cover the full continuum of care from prevention to treatment for the chronic conditions that drive disability and absenteeism. The employee's care journey begins with access, which is available 24 hours a day, 7 days a week, 365 days a year both digitally and via phone. The care journey starts with a fast, barrier-free intake and assessment by a nurse. The nurse then navigates to the appropriate care providers who together create personalized treatment plans designed to provide the right treatment, at the right cost, with the right group benefit plan. The shared care team remains the constant for the employee, following up on the care plan and ensuring adherence to the recommendations. This not only ensures high engagement, but also delivers superior outcomes.

We leverage our extensive healthcare provider network to support individuals in the treatment of their physical and mental health issues. Along with this network, the capabilities and technology we have built and acquired provides an integrated experience with accessible information to individuals and their broader care providers. We have designed our offerings to be scalable and provide ease of service expansion through our platform thereby enabling fast, cost-effective launch of new services, across all customers and new geographies. The Company leverages its technology as an accelerator for faster access to care and increased availability through innovative and virtual modalities that expand the reach of scarce clinical resources. Our technology and product development team are evolving our centralized and connected healthcare platform so that it continually addresses all points of a patient's experience and enables clinicians to deliver holistic, better care. CloudMD has the agility and disruption of a startup, grounded in years of proven clinical outcomes which results in our members living healthier lives.

An example of this is our proprietary industry-first mental health coaching platform that was piloted with Sun Life in 2021 and is now being sold through their account executives to plan sponsors. As reported by Grand View Research (in the Canada Corporate Wellness Market Size & Share Report) management anticipates, the Canadian corporate wellness market to grow from USD $2.5 billion in 2023 to approximately USD $3.4 billion by 2030 or approximately 4.5% annually, largely driven by mental health spend by employers. This solution is the first of its kind to provide assessment, care plans and coaching to support people on their mental health journey. To date, we have developed strong outcome metrics directly linking the program to positive impact on short term disability claims. This platform has created very strong engagement and positive outcomes and Sun Life markets this program to all their national clients using data supporting symptom improvement. Full launch in partnership with Sun Life's plan sponsors began in 2023.

The Company delivers healthcare services to not only those who are at work, but also those unable to work, and returning to work, as part of our robust absence management services. As mental health conditions now account for over 70% of the costs associated with disability, the Company is well positioned to not only manage the disability cases, but also provide the treatment for the safe and sustainable return to work. The Company successfully provides treatment that reduces the duration of absence and reduces the disability costs to the organization.

CloudMD empowers healthier lives by delivering outcomes. The Company tracks individuals' health improvements, resulting in the ability to demonstrate to our customers positive clinical outcomes, strong business ROI and high user satisfaction.

Many corporations, insurers and advisors built siloed health and wellness programs over time, resulting in costly and ineffective holistic care plans. To address this, the Company offers a unique care model leveraging technology and connected healthcare professionals to deliver the individual a comprehensive healthcare plan that covers mental, physical, and social issues. The Company believes this centralized, technology-enabled, program dramatically changes the landscape where employers can offer one solution addressing the comprehensive healthcare needs of their workforce eliminating the need for multiple vendors. Through several strategic, proven acquisitions, the Company believes it is now positioned as a leading provider of comprehensive, holistic healthcare for enterprise clients. The combination of these solutions provides one centralized ecosystem focusing on longitudinal care while intending to increase user satisfaction, reduce healthcare costs, decrease wait times, and provide better return to work outcomes.

In early 2022, the Company completed the acquisition of MindBeacon Holdings Inc. ("**MindBeacon**"). MindBeacon is part of HWS and specifically our Mental Health Support Services. MindBeacon is a leading digital mental healthcare platform that provides a Therapist Assisted internet-based Cognitive Behavioural Therapy ("**TAiCBT**"), which is a highly effective therapy provided through a computer or a mobile device. iCBT has become a fast-growing intervention channel compared to conventional in-person psychotherapy. MindBeacon's platform provides a cost-effective, stigma-reducing avenue to deliver mental health therapy that complements CloudMD's personalized integrated offering. MindBeacon has established relationships across a broad spectrum of B2C and B2B distribution channels, including healthcare providers, employers and governments. MindBeacon delivers positive outcomes, with 82% of those iCBT clients that were surveyed in November 2021 reporting improvements in their mental health, and 67% reporting clinically significant improvements.

MindBeacon's mental health services are fully integrated into CloudMD's comprehensive integrated health services offering, which is increasing the reach and expands the breadth of interactive technologies and tool sets within behavioural health to support clients with longitudinal multi-dimensional care. The TAiCBT product offering carries a higher margin and is expected to improve the overall gross margins in the HWS segment. In late 2022, we invested in translating our TAiCBT modules and platform into Spanish which allows us the opportunity to service the large Spanish speaking population in certain regions in the United States.

Health and Productivity Solutions

The Company's HPS division offers health and productivity tools intended to create a better experience for those needing healthcare. HPS offers clients a suite of healthcare technology solutions that support an organization's healthcare offering.

An example of our technology offering is Remote Patient Monitoring ("**RPM**"). RPM allows clinics, health systems, benefit plans, and employers to keep their patients, members and employees healthier by actively tracking vital statistics. This includes those individuals that have no underlying health issues as well as those suffering with multiple comorbidities. By tracking vital statistics, chronic conditions can be managed more effectively. It is the Company's belief that individuals not currently suffering from chronic diseases have a better chance of not developing such conditions in the first place. In addition to empowering healthier living for individuals, healthcare systems, governments, and employers, RPM is designed to allow users to save substantially on healthcare in the long run. With its mobile-first design, the Company also includes peer reviewed and vetted education content from health organizations across North America to help keep individuals engaged in their own care. Our goal is to link RPM to our TAiCBT offering to provide holistic care for both mental and physical health.

In addition to RPM, we offer stand-alone solutions and support streamlining medical practitioners practices and make businesses more accessible and efficient. The Company currently services a combined ecosystem of over 10,000 clinicians and mental health practitioners, 2,000+ allied health professionals, and 1,400+ doctors and nurses. The Company's patient-centric approach continues to be well received and the Company will continue to look for ways to improve healthcare access by leveraging its technology to ensure we deliver on the Company's value proposition of innovation in the delivery of healthcare.

PRODUCTS AND SERVICES

The Company categorizes its revenues under two divisions: (1) Health and Wellness Services (HWS) and (2) Health and Productivity Solutions (HPS). During the third quarter of 2022, the Company initiated a plan to sell the businesses underlying our former Clinic Services & Pharmacies segment and Cloud Practice Inc. ("Cloud Practice") within our Health and Productivity Solutions segment. As a result, the financial results from these businesses are reflected in our consolidated statement of loss and comprehensive loss, retrospectively, as discontinued operations. During the fourth quarter of 2022, CloudMD finalized the sale of Cloud Practice, two clinics and two pharmacy locations. Our RXI pharmacy business is classified

as discontinued operations as of September 30, 2023. We are in the process of selling assets in this business, however, we expect valuations to be insignificant. We will continue to operate the CRM and patient support programs.
During the second quarter of 2023, management commenced a sale process to dispose of its VisionPros e-commerce business. As a result, the assets and liabilities of Vision Pros have been classified as held-for-sale. As of the date of this MD&A, the Company has not reached a definitive arrangement to sell this business.

Health and Wellness Services ("*HWS*")

Health and Wellness Services' revenue is generated through two pricing models:

- Subscription-based pricing using a price per member per month with an average contractual term of 3 years; and,
- Per-case billing model at an agreed upon rate for services that are used in disability management, occupational health, and other employer services.

The foundation of the Health and Wellness Services division is delivering programs that address mental, physical, and social issues experienced by employees and their family members. These programs can be available on a stand-alone basis or through a comprehensive, digitally connected platform for corporations, insurers, and advisors to better manage the health and wellness of their employees and customers.

Through several strategic acquisitions, CloudMD is positioned as a leading provider to the employer healthcare market with our unique comprehensive ability to offer services that address the rising costs of absence and improve employee productivity. CloudMD's proprietary Integrated Health & Wellness Program, Kii, addresses all points of a patient's care, including triage, assessment and navigation, reducing healthcare costs, decreasing wait times, and providing better return to work outcomes. CloudMD's team-based, whole-person approach to healthcare aims to engage patients and clients, and empower doctors and mental health practitioners, while leveraging technology to connect the entire health ecosystem and provide longitudinal care.

The Kii services are utilized by a wide range of customers including employers, associations, government, individuals, disability case managers, life and health insurers, and property and casualty insurers. Some of our customers have seen proven results from our services such as a 37% reduction in absence duration, a 21% decrease in casual absence hours and 19X return on investment in payroll savings due to employees returning to work sooner. The Kii program is offered either as a per employee subscription or as a per case fee.

CloudMD's capabilities include:

Health Support Services (EFAP, Therapy /Mental Health Coaching, TAiCBT and virtual medical care)

CloudMD's leading Health Support Services ("**HSS**") include EFAP, Mental Health services (Therapy, Mental Health Coaching and TAiCBT) and virtual medical care and are accessible using either our proprietary digital platform or via our 24/7 live answer call center providing triage, assessment and case management of physical and mental health.

The cornerstone of our health and wellness services is our nurse care coordinators who become navigators as individuals reach out for support for their mental, physical or occupational health concerns. The nurse resource is highly trained to help employees navigate care, build personalized care plans, provide online educational resources, navigate healthcare systems, and provide comprehensive case management to support an individual's emotional, physical, and mental wellbeing towards improved outcomes and effective return to function.

Our HSS focus is on a multi-modality support model to drive individual choice on the appropriate care pathways for their situation including in-person (mental health), telephonic or virtual support solutions. It is effective across the healthcare continuum and includes services that address crisis, episodic, short-term, long-term, chronic and specialized services such as trauma, substance use and addictions. We are continuing to integrate MindBeacon iCBT capabilities into our HSS offerings across North America to further differentiate CloudMD as a leader in organization health and wellness. This service is offered as a price per member per month.

Rehabilitation and Assessments

Employers, insurance companies and lawyers rely on our national integrated network of medical practitioners across Canada who perform independent medical assessments, return to work support, functional capacity evaluations, rehabilitation support, job demand analysis, etc. These services are delivered virtually, on-demand and on-site. Our network of 2,000 specialists across 54 sub-specialties support individuals in understanding mental and physical health issues with a focus on return to function. This service is offered as a per-case fee. Through our proprietary software platform, iAssess™, it enables assignment of specialists, workflow management, practitioner engagement, and margin expansion in the delivery of services. This proprietary platform will be used in HWS health network management for its entire provider network to increase quality assurance and user satisfaction. CloudMD will have a centralized provider management system enabling navigators and users' access to the entire provider management roster. This enables us to deliver on our value proposition of providing personalized care.

Absence Management and Occupational Health

Our Absence Management and Occupational Health services focus both on preventing and reducing the duration of occupational absences by delivering services that improve the health and wellness of employees. Services include solutions supporting absentee management, short-term and long-term disability, workers' compensation claims management, mental health assessment and evaluation services focusing on prevention, accommodation, and recovery. Our services are delivered virtually, on-demand and on-site through our network of over 1,000 healthcare professionals, assessors, and medical centers nationally.

Health and Productivity Solutions ("*HPS*")

The following describes the solutions in the HPS division:

Remote Patient Monitoring

CloudMD offers Remote Patient Monitoring (RPM), both as a software platform as well as a service, providing support for required patient interactions as part of an RPM program.

RPM allows clinics, health systems, benefit plans, and employers to keep their patients, members and employees healthier by actively tracking vital statistics. This includes those individuals that have no underlying health issues as well those suffering with multiple comorbidities. By tracking vital statistics, chronic conditions can be managed more effectively. It is the Company's belief that individuals not currently suffering from chronic diseases have a better chance of not developing such conditions in the first place. In addition to empowering healthier living for individuals, healthcare systems, governments, and employers, RPM is designed to allow users to save substantially on healthcare in the long run. With its mobile-first design, the Company also includes peer reviewed and vetted education content from health organizations across North America to help keep individuals engaged in their own care. Our goal is to link RPM to our TAiCBT offering to provide holistic care for both mental and physical health.

MyHealthAccess

CloudMD's patient portal enables online appointment booking and virtual care visits. The platform works with an electronic medical record ("**EMR**") platform Juno, to provide healthcare providers and primary care clinics with a user-friendly application. The user experience allows patients to book appointments real-time, 24/7, and message clinical staff. Our HWS division uses this technology to connect individuals to healthcare solutions.

CloudMD's Health Wellness Network and Real Time Intervention Platform Solution

The healthcare industry is rapidly moving toward vision where the patient will be at the center of our healthcare information technology systems—wired in, always on, wearing or implanted with digital health technology evolved to the point where every woman, man, and child can be connected and cared for digitally, remotely, and holistically. CloudMD's solution supports this vision. The components of the solution are the Health and Wellness Network ("**HWN**") and Real Time Intervention Platform ("**RTIP**").

Real Time Intervention Platform (RTIP)

CloudMD's patented Real Time Intervention and Prevention Platform ("**RTIP**") allows us to solve for interoperability with speed, consistency, and security. RTIP is the backbone for applications such as: Substance Use Disorder ("**SUD**") and Health and Wellness Network ("**HWN**"). RTIP is designed to enable an automated real time inquiry of disparate data sources across multiple domains, identify indicators and compute risk scores so that the appropriate personnel can be alerted when the risk level for at-risk individuals is above a pre-determined level signaling intervention may be required. CloudMD also licenses this software to companies that are looking to create connected platform experiences and/or are experiencing challenges uniting disparate data sources. RTIP use cases have permeated sectors beyond healthcare including Government organizations in the U.S. that have purchased the platform on a subscription basis to provide an affordable and scalable mechanism for opioid detection and substance use services. RTIP provides a true interoperability platform for entities across a wide array of markets.

Health and Wellness Network

The HWN app *Healthy LYF* focuses on enabling healthcare providers to be in constant connection with their patients. The app provides for an array of services including, but not limited to, curated education tailored to meet the needs of any entity or group, peer support capability, health vitals monitoring, and also allows for connecting existing services into the app for a consolidated patient or user experience. The HWN solution enables patients to be cared for digitally, remotely and holistically in conjunction with the RTIP platform that supports the aggregation of data from multiple disparate sources. Data driven insights are provided to healthcare providers to enable enhanced patient care and improved outcomes.

Medical Reference Library

CloudMD has an award-winning health education platform providing peer-reviewed resources that are trusted and used by healthcare professionals to provide credible medical information that promotes positive patient behaviour. The pharmaceutical/healthcare industry utilize this platform for direct-to-consumer and direct-to-clinician marketing campaigns and patient education and patient support programs. The intuitive and robust digital resource library is available on any digital device. The platform is currently utilized by over 17,500 healthcare professionals and is integrated in a variety of consultative health settings, including: 2,000 pharmacies, 280 hospitals, and 300 specialty clinics. It is now also integrated into the Kii Health and Wellness program and accessible directly within the platform. Content and resources come from partnerships with over 110 healthcare associations, 30 digital health companies (including the Mayo Clinic), and 55 pharmaceutical brands to provide over 110,000 patient-friendly PDFs, videos, and images across over 6,000 health conditions.

2023 THIRD QUARTER SUMMARY

Below is a summary of operations during and subsequent to the third quarter of 2023:

- Third quarter revenue from continuing operations was $22,932 a decrease of 2.6% over the same period in 2022. Excluding one-time COVID-19 mandates in the prior year, organic revenue growth was 7.1% in the HWS segment in the third quarter. Third quarter revenue does not include revenue generated from the RXI business and VisionPros business, which are both classified as held-for-sale, and the results are included in discontinued operations, or the EHR, PM, and RCM assets of Benchmark Systems, Inc. which were divested at the end of the second quarter.

- Gross profit margin from continuing operations was 39.8% in the third quarter of 2023 compared to 34.0% in the prior year higher by 5.8%. The increase during the quarter is attributable to a favourable revenue mix and operational efficiencies primarily attributable to the HWS segment.

- Adjusted EBITDA[1] for the third quarter was $566, compared to a $3,170 loss in the prior year period. Adjusted EBITDA[1] improved by $1,270 from the second quarter of 2023. The improvement in adjusted EBITDA[1] from the second quarter of 2023 is primarily due to the realization of continued cost optimization efforts. Net Loss in the third quarter was $5,378, compared to $95,853 in the prior year period.

- The Company identified and actioned approximately $1 million of annualized cost reductions in the third quarter, the impact of which was realized in part in the third quarter with the full run-rate impact expected in the fourth quarter of 2023. During the third quarter of 2023, G&A, S&M and R&D expenses were lower than the third quarter of 2022 by $2,494 in our continuing operations, a result of on-going cost reduction initiatives.

- Cash decreased by $5,682 during the third quarter of 2023. Normalized cash outflow[1] for the third quarter was $2,284. As of September 30, 2023, the Company had $13,097 of cash and cash equivalents. Adjusted net cash used in operating activities[1] improved by $525 to $305 during the quarter compared to the second quarter of 2023. Management expects our cash used in operating activities to continue to improve as a result of our revenue growth and cost reduction initiatives.

- In the third quarter of 2023, CloudMD signed multi-year contracts contributing to its organic growth and ARR[1] of $1.7 million excluding the RPM contract announced on August 23rd, 2023.

- During the quarter, the Company announced it had entered into a contract to provide RPM for a major U.S. regional hospital system's Medicare patients. The hospital partner has approximately 115 healthcare providers with over 25,000 Medicare patients. The hospital partner will leverage RPM to remotely monitor, manage, and proactively intervene for patients with chronic diseases, such as diabetes, heart disease, and respiratory illnesses. The Company believes that as the contract scales up over the initial two quarters, it can deliver an average of $3 - $4 million in revenue per quarter and the opportunity to participate in the global RPM market. Please refer to the "*Revenue*" section below for additional details.

- As of the end of the third quarter 2023, the Company continues to actively market its VisionPros e-commerce business and considers the impact during the quarter as discontinued operations while its related assets and liabilities continue to be classified as held-for-sale. This business requires investment and scale to be profitable, and the Management believes it can achieve a higher return on investment from other parts of its business. In addition, a potential divestiture of VisionPros would provide an improved gross margin and EBITDA[1] profile for the Company's consolidated continuing operations.

[1] *These are non-GAAP measures. Refer to the Non-GAAP Financial Measures section of this MD&A for further information.*

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

OVERALL PERFORMANCE AND DISCUSSION OF OPERATIONS

Selected Financial Information (unaudited)	**Three months ended September 30**		**Nine months ended September 30**	
	2023	2022(2)	**2023**	2022(2)
Revenue	**$ 22,932**	$ 23,545	**$ 69,018**	$ 77,136
Cost of sales	13,797	15,548	42,579	50,374
Gross profit (1)	**$ 9,135**	$ 7,997	**$ 26,439**	$ 26,762
Gross profit %	**39.8%**	34.0%	**38.3%**	34.7%
Indirect Expenses				
Sales and marketing	774	1,543	2,759	5,154
Research and development	397	968	1,300	3,354
General and administrative	7,772	8,790	24,537	27,199
Share-based compensation	100	273	500	1,295
Depreciation and amortization	3,683	3,561	10,568	10,177
Acquisition and divestiture-related, integration and restructuring costs	1,071	1,659	2,813	9,183
Operating loss	$ (4,662)	$ (8,797)	$ (16,038)	$ (29,600)
Other income	375	33	606	304
Change in fair value of contingent consideration	142	996	142	7,046
Change in fair value of liability to non-controlling interest	-	(64)	(549)	(232)
Change in contingent liability	-	-	760	-
Finance costs	(596)	(515)	(1,653)	(1,541)
Impairment	-	(80,867)	-	(80,867)
Share in profit of joint venture	-	(221)	-	(221)
Income tax recovery	213	795	526	742
Net loss for the period from continuing operations	**(4,528)**	(88,640)	**(16,205)**	(104,369)
Net loss after tax from discontinuing operations	**(850)**	(7,213)	**(3,192)**	(41,346)
Net loss for the period	**$ (5,378)**	$ (95,853)	**$ (19,397)**	$ (145,715)
Add:				
Depreciation and amortization	**3,683**	3,561	10,568	10,177
Finance costs	**596**	515	1,653	1,541
Impairment	**-**	80,867	-	80,867
Income tax (recovery)	**(213)**	(795)	(526)	(742)
EBITDA (1)	**$ (1,312)**	$ (11,705)	**$ (7,702)**	$ (53,872)
Share-based compensation	**100**	273	500	1,295
Acquisition and divestiture-related, integration and restructuring costs	**1,071**	1,659	2,813	9,183
Litigation costs	**-**	101	-	555
Change in fair value of contingent consideration	**(142)**	(996)	(142)	(7,046)
Change in fair value of liability to non-controlling interest	**-**	64	549	232
Change in contingent liability	**-**	-	(760)	-
Share in profit of joint venture	**-**	221	-	221
Net loss after tax from discontinuing operations	**849**	7,213	3,190	41,346
Adjusted EBITDA (1)	**$ 566**	$ (3,170)	**$ (1,552)**	$ (8,086)
Loss per share, basic and diluted	**(0.02)**	(0.32)	**(0.06)**	(0.50)
Loss per share from continuing operations, basic and diluted	**(0.01)**	(0.29)	**(0.05)**	(0.35)

(1) *These are non-GAAP measure. Refer to the Non-GAAP Financial Measures section of this MD&A for further information.*
(2) *The comparative information has been re-presented due to discontinued operations.*

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

Revenue

The following table provides a summary of our revenues by segment:

Revenue	Three months ended September 30,		Variance		Nine months ended September 30,		Variance	
(Unaudited)	**2023**	2022	**($)**	**(%)**	**2023**	2022	**($)**	**(%)**
Health and Wellness Services	**$ 21,668**	$ 21,818	$ (150)	(0.7%)	**$ 64,580**	$ 72,327	$ (7,747)	(11%)
Health and Productivity Solutions	**1,264**	1,727	(463)	(27%)	**4,438**	4,809	(371)	(8%)
Total revenue	**$ 22,932**	$ 23,545	$ (613)	(2.6%)	**$ 69,018**	$ 77,136	$ (8,118)	(11%)

Revenue for the three months ended September 30, 2023, decreased by $613 and for the nine months ended September 30, 2022, was lower by $8,118.

Health and Wellness Services

Revenues from the HWS segment for the three months ended September 30, 2023, were $21,668 compared to $21,818 in the same period in 2022 and for the nine months ended September 30, 2023, were $64,580 compared to $72,327 in the same period in 2022. The revenue was relatively flat in the quarter despite the conclusion of one-time mandates, including the Ontario Health COVID-19 iCBT program in the third quarter of 2022 which was mostly offset by higher Rehabilitation and Assessments revenue. Organic growth, excluding one-time COVID-19 mandates in the prior year comparative period was 7.1%.

In the nine-month period ended September 30, 2023, the decline in revenue for the HWS segment is primarily due to one-time COVID-19 mandates in the prior year comparative period. The impact of these COVID-19 related contracts was partially offset by organic growth in the business due to new contract wins and expanding services to existing clients. Organic growth, excluding one-time COVID-19 mandates in the prior year comparative period was 8.3%.

Health and Productivity Solutions

Revenues from the HPS segment for the three months ended September 30, 2023, were $1,264 compared to $1,727 in the same period in 2022 and for the nine months ended September 30, 2023, were $4,438 compared to $4,809 in the same period in 2022. In the third quarter and for the nine months ended September 30, 2023 revenues in the IDYA4 business were lower than the comparative period, in part due to the timing of certain client mandates.

The focus in the latter half of 2023 and beyond is to realize material growth from our Health and Wellness app and Remote Patient Monitoring program. On August 23, 2023, the Company announced it had entered into a contract to provide RPM for a major U.S. regional hospital system's Medicare patients. The hospital partner has approximately 115 healthcare providers with over 25,000 Medicare patients. The contract was dated August 22, 2023 and has an initial 12-month term and is renewed automatically absent a notice to terminate. Pursuant to the contract, the hospital partner will leverage RPM to remotely monitor, manage, and proactively intervene for patients with chronic diseases, such as diabetes, heart disease, and respiratory illnesses, and the Company will receive a portion of the hospital partner's reimbursement from Medicare for RPM provided to such patients. Accordingly, the Company's revenues under the contract depend on the number of Medicare patients receiving RPM. However, since the hospital partner has over 25,000 Medicare patients, the contract has the potential to be a material contract for the Company. The Company believes that if the contract is scaled up over the initial two quarters, it can deliver an average of $3 - $4 million in revenue per quarter and the opportunity to participate in the global RPM market. While the Company continues to on board patients into the program, as expected, there was no significant revenues during the quarter earned through the RPM program and management expects increasing revenues in the subsequent quarters as the programs supporting the on boarding ramp up. As reported by Grand View Research (in the Global Remote Patient Monitoring System Market Report, 2030), the global RPM market size is valued at US$ 4.4 billion and is forecasted to have a compound annual growth rate of 18.5% over the next seven years, and our current customer pipeline in this growing addressable market is approximately $200 million.

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In 2024, the Centers for Medicare and Medicaid Services (CMS) will enter its eighth year supporting RPM related services making it an attractive market to service. Medicare covers RPM services in all 50 states to qualifying patients and over 50% of state's Medicaid programs are covered in some capacity. This program continues to grow as further evidence supports the effectiveness in reducing hospital admissions, reducing length of stay in the hospital, fewer emergency visits, and better preventative chronic condition management.

The following table provides a summary of our revenues by territory:

	Three months ended				**Nine months ended**			
Revenue	**September 30,**		**Variance**		**September 30,**		**Variance**	
(*Unaudited*)	**2023**	2022	**($)**	**(%)**	**2023**	2022	**($)**	**(%)**
Canada	**$ 19,860**	$ 20,322	$ (462)	(2.3%)	**$ 59,339**	$ 67,441	$ (8,102)	(12%)
United States	**3,072**	3,223	(151)	(5%)	**9,679**	9,695	(16)	(0.2%)
Total revenue	**$ 22,932**	$ 23,545	$ (613)	(2.6%)	**$ 69,018**	$ 77,136	$ (8,118)	(11%)

Revenues earned in Canada for the three and nine months ended September 30, 2023, decreased by $462 and decreased by $8,102 over the prior year comparable periods primarily due to the impact of the conclusion of one-time mandates relating to COVID-19 related service revenues as discussed above, offset by organic growth in our HWS segment. Organic growth, excluding one-time COVID-19 mandates in the three and nine months ended September 30, 2023 was 7.6%.

Revenues earned in United States for the three and nine months ended September 30, 2023, represented 13% and 14% of total revenues compared to 14% and 13%, respectively, in the comparable periods in 2022. Revenues earned in the United States are mostly consistent with the same periods last year. Management anticipates the proportion of US revenues going forward to increase as a result of some of the larger opportunities that exist for our Health and Wellness platform, Healthy LYF. Initially these opportunities are related to the Company's RPM offering but are anticipated to expand as additional services as features are added.

Gross Profit

Gross profit for the three and nine months ended September 30, 2023, increased by $1,138 or 14% and decreased by $323 or 1% over the prior year comparable periods. The increase in the three-month period compared to prior year is due to improved efficiency in service delivery. The decrease in the nine months ended September 30, 2023, is mainly attributable to lower COVID-19 revenues, partially offset by improved operating efficiency in the delivery of services.

The gross profit margin was 39.8% and 38.3% for the three and nine months ended September 30, 2023, compared to 34.0% and 34.7% for the same periods in the prior year. The increase in overall gross profit margin for the three months and nine months ended September 30, 2023, was primarily due to improved operating efficiencies and revenue mix. Gross profit margin is expected to increase over time with the ongoing efforts to streamline operations, including our networks and systems, and increasing our operational efficiency through use of lower cost, clinically appropriate, modalities.

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

Expenses

Operational expenses for continuing operations	**Three months ended September 30,**		**Variance**		**Nine months ended September 30,**		**Variance**	
(Unaudited)	**2023**	2022	**($)**	**(%)**	**2023**	2022	**($)**	**(%)**
Sales and marketing	**774**	1,543	(769)	(50%)	**2,759**	5,154	(2,395)	(46%)
Research and development	**397**	968	(571)	(59%)	**1,300**	3,354	(2,054)	(61%)
General and administrative	**7,772**	8,790	(1,018)	(12%)	**24,537**	27,199	(2,662)	(10%)
Share-based compensation	**100**	273	(173)	(63%)	**500**	1,295	(795)	(61%)
Depreciation and amortization	**3,683**	3,561	122	3%	**10,568**	10,177	391	4%
Acquisition and divestiture-related, integration and restructuring costs	**1,071**	1,659	(588)	(35%)	**2,813**	9,183	(6,370)	(69%)
Operational expenses	**$ 13,797**	$ 16,794	$ (2,997)	(18%)	**$ 42,477**	$ 56,362	$ (13,885)	(25%)

Sales and Marketing

Sales and marketing expenses for the three and nine months ended September 30, 2023, decreased by $769 and $2,395 or 50% and 46% over the prior year comparable periods. The decrease compared to the same quarter last year is attributable to the reduction in the Ontario Health volume for our iCBT offering leading to reduced marketing spend on customer acquisition, as well as continued cost optimization efforts. Customer acquisition costs as a percentage of revenue are expected to decrease as greater economies of scale are realized through the organic sales growth, cross-selling initiatives and shared marketing infrastructure.

Research and Development

Research and development expenses for the three and nine months ended September 30, 2023, decreased by $571 and $2,054 or 59% and 61% over the prior year comparable periods. The decrease compared to the same periods last year is a result of cost saving initiatives, and higher costs incurred for our Kii platform in the comparative year periods. During the third quarter of 2023, research and development was focused on the continued development of our Kii offering on features such as a refreshed content play across platforms and enhancing security features to improve customer experience. The Kii Administrative portal was also improved to support providers while reducing our internal operating expenses and expanding long-term gross margin. Research and development expenses were also incurred on our integrated Health and Wellness application in the U.S. to support the requirements of our RPM offering.

General and Administrative

General and administrative expenses for the three and nine months ended September 30, 2023, decreased by $1,018 and $2,662 or 12% and 10% over the prior year comparable periods. The decrease compared to the same periods last year is primarily attributable the Company's continued integration and optimization efforts particularly relating to salaries and wages.

Share-based Compensation

Shared-based compensation expenses for the three and nine months ended September 30, 2023, decreased by $173 and $795 or 63% and 61% over the prior year comparable periods. The decrease is primarily attributable to lower share prices when grants were issued.

Depreciation and Amortization

Depreciation and amortization expenses for the three and nine months ended September 30, 2023, increased by $122 or 3.4% and increased by $391 or 3.8% over the prior year comparable periods. In the three months period ended September 30, 2023, the increase is primarily attributable to higher amortization of intangible assets during the year in relation costs associated with the development of our Kii offering and our Health and Wellness application.

Acquisition and Divestiture-Related, Integration and Restructuring Costs

Acquisition and divestiture-related, integration and restructuring costs for the three and nine months ended September 30, 2023, were $1,071 and $2,813, compared to $1,659 and $9,183 in the prior comparable periods. Acquisition and divestiture-related, integration and restructuring costs include expenses incurred in relation to the Company's corporate development, divestitures, fees for advisory, and costs of integration which includes severance. The decrease is mainly due to the fact that Management continues its progress on integration or its continuing operations focusing on cost optimization initiatives and there were no acquisitions in the twelve months ending September 30, 2023. Management expects to incur some acquisition and divestiture-related, integration and restructuring costs in the future primarily in relation to assets held-for-sale and continued optimization efforts, however these costs will continue to reduce into 2024.

Other Income

Other income for the three and nine months ended September 30, 2023, was higher by $341 and $301 over the prior year comparable periods. The increase is primarily attributable higher interest earned on cash and cash equivalents in third quarter of 2023 compared to the prior year.

Change in Fair Value of Contingent Consideration

The change in fair value of contingent consideration for the three and nine months ended September 30, 2023, was a gain of $142 compared to a gain of $996 and $7,046 for the same periods in 2022. Contingent consideration is comprised of earn-out payments due to sellers of acquired entities for meeting certain time based or revenue conditions over a period of up to 3 years following the date of the acquisition. The change in the contingent consideration in the current year was primarily as a result of adjustments to future payments based on cumulative performance conditions of certain acquisitions.

Change in Fair Value of Liability to Non-controlling Interests

The change in fair value of liability to non-controlling interests for the three and nine months ended September 30, 2023, was nil and a loss of $549 compared to a loss of $64 and $232 for the same period in 2022. During the first quarter of 2023, the non-controlling shareholder in Benchmark Systems Inc. notified the company of their intention to exercise the option granted under the shareholder's agreement. The settlement was completed on May 19, 2023. The year-to-date expense represents the fair value adjustment to increase the liability to the settlement amount to acquire the remaining 12.5% interest held by the non-controlling shareholder.

Change in Contingent Liability

Change in Contingent Liability for the three and nine months ended September 30, 2023, was nil and $760 respectively compared to nil in the prior comparable periods. In the second quarter of 2023, a decision of the arbitrator was reached related to the Gravitas Securities Inc. litigation described below in the section Litigation and Other Contingencies. The Company reduced the contingent liability in the amount of $760 resulting from lower settlement award against the Company than anticipated.

Finance Costs

Finance costs for the three and nine months ended September 30, 2023, decreased by $81 or 16% and $112 or 7% over the prior year comparable periods. Finance costs for the three-month and nine-month period is comparable to same period last year primarily due to debt repayments over the past 12 months, offset by higher interest rates on the variable rate bank loans.

Current and Deferred Income Taxes Expense

The current and deferred income taxes expense for the three and nine months ended September 30, 2023, was a recovery of $213 and $526 compared to a recovery of $795 and $742 in the prior comparable periods. The recovery in the three and nine-month periods ended September 30, 2023, is a result of the loss for the periods.

Net loss from continuing operations

Net loss from continuing operations for the three and nine months ended September 30, 2023, was $4,528 and $16,206 compared to $88,640 and $104,369 for the same prior year periods. The decrease in net loss from continuing operations in the three months ended September 30, 2023, higher gross profit, lower net indirect expenses attributable to continued optimization efforts, an impairment charge of $80,867 in the prior year, no impairment was charged to date in the current year, and, lower

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

acquisition and divestiture-related, integration and restructuring costs partially offset by unfavorable impact from changes in fair value of contingent consideration and loss on sale of joint venture in the prior year.
The decrease in net loss from continuing operations in the nine months ended September 30, 2023, was primarily due to lower net indirect expenses attributable to continued optimization efforts, the prior year period having higher acquisition and divestiture-related, integration and restructuring costs, an impairment charge of $80,867 in the prior year, no impairment was charged to date in the current year, and, a higher change in fair value of contingent consideration partially offset by change in contingent liability on settlement of Gravitas legal claim. Management continues to be highly focused on profitable growth and generating positive net profits as a key operational objective for the Company.

Net loss from discontinuing operations

During the third quarter of 2022, the Company initiated a plan to sell the businesses underlying its former Clinic Services & Pharmacies segment and Cloud Practice within our Health and Productivity Solutions segment. The Company sold 100% of its shares in SSMC, Healthvue, Cloud Practice Inc., Steveston and Cloverdale Pharmacies in the fourth quarter of 2022. The last business included in the Clinic Services & Pharmacies segment that the Company has not reached a definitive arrangement to sell as of September 30, 2023, is the RXI business. The Company does not expect to receive any material value for this business.

During the second quarter of 2023, the Company sold its U.S. based Electronic Medical Records ("EMR"), Practice Management ("PM"), and Revenue Cycle Management ("RCM") assets. Additionally, during the second quarter of 2023, the Company initiated a process to divest its e-commerce platform, VisionPros, a part of the HPS division, however as of the date of this MD&A the Company has not reached a definitive agreement to sell.

As a result of the above, the financial results from these businesses are reflected in our condensed interim consolidated statement of income, retrospectively, as discontinued operations.

The results of the entities that were classified as discontinued operations in the periods are presented below:

	Three months ended September 30		Nine months ended September 30	
(Unaudited)	**2023**	2022	**2023**	2022
Revenue	**$ 1,904**	$ 14,674	**$ 9,302**	$ 42,762
Expenses	**2,375**	15,282	**11,272**	44,480
Impairment	**-**	4,044	**-**	33,286
Operating loss	**(471)**	(4,652)	**(1,970)**	(35,004)
Finance costs	**6**	(154)	**(75)**	(189)
Other income	**-**	(2,824)	**14**	(6,579)
Loss before tax from discontinuing operations	**(465)**	(7,630)	**(2,031)**	(41,772)
Tax (expense)/recovery	**(385)**	417	**(1,351)**	426
Gain on sale of Benchmark's business	**-**	-	**190**	-
Loss after tax for the period from discontinuing operations	**$ (850)**	$ (7,213)	**$ (3,192)**	$ (41,346)
Loss per share from discontinuing operations	**$ (0.00)**	$ (0.02)	**$ (0.01)**	$ (0.14)

EBITDA and Adjusted EBITDA[2]

EBITDA for the three and nine months ended September 30, 2023, and 2022, was a loss of $1,312 and $7,702, compared to a loss of $11,705 and $53,872 for the same periods in the prior year.

[2] *These are non-GAAP measures. Refer to the Non-GAAP Financial Measures section of this MD&A for further information.*

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

Adjusted EBITDA for the three and nine months ended September 30, 2023, was a profit of $566 and loss of $1,552 compared to a loss of $3,170 and $8,086 for the same periods in the prior year. Adjusted EBITDA continues to improve over the recent quarters, primarily as a result of continued cost savings initiatives and organic growth in revenues.

The following table provides a reconciliation of net loss for the periods to EBITDA and Adjusted EBITDA for the three and nine months ended September 30, 2023, and 2022.

	Three months ended September 30,		**Variance**		**Nine months ended September 30,**		**Variance**	
(Unaudited)	**2023**	2022	**$**	**%**	**2023**	2022	**$**	**%**
Net loss	**$ (5,378)**	$ (95,853)	$ 90,475	(93%)	**$ (19,397)**	$ (145,715)	$ 125,318	(86%)
Add:								
Finance costs	**596**	515	(82)	(16%)	**1,653**	1,541	(112)	(7%)
Income tax (recovery)	**(213)**	(795)	582	(73%)	**(526)**	(742)	216	(29%)
Impairment	**-**	80,867	(80,867)	(100%)	**-**	80,867	(80,867)	(100%)
Depreciation and amortization	**3,683**	3,561	122	3%	**10,568**	10,177	391	4%
EBITDA[(1)] for the period	**$ (1,312)**	$ (11,705)	$ 10,393	(89%)	**$ (7,702)**	$ (53,872)	$ 46,170	(86%)
Share-based compensation	**100**	273	(173)	(63%)	**500**	1,295	(795)	(61%)
Acquisition and divestiture-related, integration and restructuring costs	**1,071**	1,659	(588)	(35%)	**2,813**	9,183	(6,370)	(69%)
Litigation costs	**-**	101	(101)	(100%)	**-**	555	(555)	(100%)
Change in fair value of contingent consideration	**(142)**	(996)	854	(86%)	**(142)**	(7,046)	6,904	(98%)
Change in fair value of liability to non-controlling interest	**-**	64	(64)	(100%)	**549**	232	317	137%
Change in contingent liability	**-**	-	-	100%	**(760)**	-	(760)	100%
Share in profit of joint venture	**-**	221	(221)	(100%)	**-**	221	(221)	(100%)
Net loss from discontinuing operations	**849**	7,213	(6,364)	(88%)	**3,190**	41,346	(38,156)	(92%)
Adjusted EBITDA[(1)] for the period	**$ 566**	$ (3,170)	$ 3,726	(118%)	**$ (1,552)**	$ (8,086)	$ 6,534	(81%)

(1) EBITDA and Adjusted EBITDA are non-GAAP measures. Refer to the Non-GAAP Financial Measures section of this MD&A for further information.

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

SUMMARY OF QUARTERLY RESULTS

The following tables provides a summary of the Company's financial results for the eight most recently completed quarters:

	Q3 2023 (unaudited)	Q2 2023 (unaudited)	Q1 2023 (unaudited)	Q4 2022 (Restated unaudited)	Q3 2022 (unaudited)	Q2 2022 (unaudited)	Q1 2022 (unaudited)	Q4 2021 (unaudited)
Revenue [(1)]	**$ 22,932**	$ 23,191	$ 22,895	$ 22,318	$ 23,545	$ 26,210	$ 27,381	$ 38,735
Gross profit[(1)]	**$ 9,135**	$ 8,850	$ 8,454	$ 8,009	$ 7,997	$ 8,676	$ 10,089	$ 11,605
Gross profit % [(1)]	**39.8%**	38.2%	36.9%	35.9%	34.0%	33.1%	36.9%	30.0%
Net loss	**$ (5,378)**	$ (6,877)	$ (7,146)	$ (8,602)	$ (95,853)	$ (44,124)	$ (4,779)	$ (15,131)
Adjusted EBITDA [(1)]	**$ 566**	$ (705)	$ (1,413)	$ (1,743)	$ (3,170)	$ (3,237)	$ (1,638)	$ 560
EPS, basic and diluted	**$ (0.02)**	$ (0.02)	$ (0.02)	$ (0.03)	$ (0.32)	$ (0.15)	$ (0.02)	$ (0.06)
Cash and cash equivalents	**$ 13,097**	$ 18,779	$ 18,752	$ 24,058	$ 27,506	$ 29,703	$ 45,082	$ 45,082

(1) Revenue, Gross Profit, Gross Profit %, Adjusted EBITDA and EPS for Q1 2022 onwards reflect results from our continuing operations and does not include entities classified as discontinued operations. Prior quarter figures have not been restated to match this presentation.

The demand for certain services within the HWS division that employ a per-case billing model is subject to seasonal fluctuations. This is attributable to lower patient and consumer visits and engagement in the summer months and around the holiday season at the end of the year.

In the second, third and fourth quarters of 2022 the Company incurred a non-cash impairment charge. Further, in third quarter of 2022, the Company initiated a plan to sell the businesses underlying its former Clinic Services & Pharmacies segment and Cloud Practice within our Health and Productivity Solutions segment. In the second quarter of 2023 the company sold its EMR, PM and RCM assets in its HPS line of business and initiated a process to sell its e-commerce VisionPros e-commerce business. As a result, the financial results from these businesses are reflected in our condensed interim consolidated statement of income, retrospectively, as discontinuing operations.

OUTLOOK

The Company has experienced a period of transition due to the large number of acquisitions completed over the preceding two years. During 2022, the Company turned its attention to operationalizing, aligning, and rationalizing these assets, so that it can drive value creation for shareholders and clients. The Company has focused on the integration of its previous acquisitions and products to create an innovative market leadership position and delivering profitable results.

The Company has assessed business and financial performance, risks, and strategic opportunities. It has been focused on allocating resources against profitable revenue streams that deliver increased shareholder value and rationalizing products and related expenses that do not fit the long-term strategy of the Company. To this end, during the fourth quarter of 2022, the Company completed the sale of its BC-based primary care clinics, CloudPractice and two pharmacy assets, and during the third quarter of 2023 the Company completed the sale of its EMR, PM and RCM assets all of which were considered non-core.

With a renewed focus, the Company has a multi-pronged growth strategy with an emphasis on organic profitable growth, cost optimization, and leveraging of our core assets. The Company plans to drive shareholder value through the following priorities, including: (1) integrating acquisitions to generate financial and operational synergies, including integration of back office systems which will improve gross margin; (2) driving continuous improvement across the organization to improve productivity, product quality and consistency, advancement of integrated program offerings and lower customer acquisition costs; and (3) generating organic profitable growth in the HWS and HPS divisions.

The Company is focused on leveraging the foundational assets for organic growth, becoming EBITDA and cash flow positive and achieving financial sustainability. Becoming cash flow positive is predicated on key client wins and continuing to optimize our cost structure and the Company is focused on improving this each sequential quarter. In addition, moving forward, cash outflows from non-recurring integration costs will decline.

During the nine month period ended September 30, 2023, the Company identified and actioned approximately $10 million in annualized indirect cost reductions realign its cost base. Management continues to identify opportunities to drive value, focused on reducing operating costs as the Company consolidates back-office functions and platforms across IT, finance and human resources. Programs to consolidate the Company's technology stack, centralize payroll administration and implementing an Enterprise Resource Planning (ERP) tool in finance is expected to result in further cost reductions and improve operational efficiencies.

While cost reductions are required to bring the Company to cash flow positivity, continued growth is an equally important part of the equation. During 2023, the Company expects to achieve low double-digit growth off the revenue run rate exiting 2022. Management is focused on driving profitable growth in the markets where we have scale, and strong differentiators in proven service delivery and that have the most attractive growth and profit potential.

The Company's announcement subsequent to the third quarter of 2023 of a contract to provide Remote Patient Monitoring for a major US regional hospital system's Medicare patients has the potential to change the financial profile of the organization. The Company believes that as the contract is scaled up over the initial two quarters, it can deliver an average of $3 - $4 million in revenue per quarter by the end of next year and the opportunity to participate in the global RPM market. Currently, our pipeline for customers in the RPM addressable market is approximately $200 million. Growth in this market is incremental to the low double-digit growth target it has for its broader portfolio.

The cost savings achieved in the fourth quarter of 2022, in addition to the savings realized in during the nine-month period ended September 30, 2023 have brought the Company's Adjusted EBITDA to positive. As of the date of this MD&A, the Company continues to expect to improve its adjusted EBITDA in the fourth quarter of 2023.

The Company believes its cash position of $13,097, will provide sufficient liquidity to fund its obligations (other than the repayment of the Company's credit facilities (The "Facilities") – see *"Liquidity and Capital Resources"* and *"Financial Instruments – Liquidity risk"* and fund organic growth. Management will continue to prudently manage expenditures and seek further efficiencies in the Company's cost structure. The Company's credit facilities ("**the Facilities**") totaling $15,952 mature on June 30, 2024, and as a result have been presented as a current liability on the Consolidated Statement of Financial Position. The Company has begun discussions with its lender about renewing the Facilities prior to maturity, and Management believes there is a reasonable expectation that the Company will be able to renew the Facilities prior to maturity.

The current economic market conditions do not impact the services that CloudMD offers. In fact, the needs for mental and physical health supports are resilient to economic markets and become more valuable in helping people cope during difficult times. Employers continue to invest in the areas of health during difficult economic times. The current market environment has underscored the need to provide timely and critical access to mental and physical health treatment and resources. CloudMD is uniquely positioned to shape the future of personalized healthcare. The Company is focused on creating innovation in the delivery of healthcare service leveraging technology to improve access to care, leading to better health outcomes. Through its team-based, personalized care approach, CloudMD provides comprehensive solutions to patients, healthcare practitioners, individuals, and enterprise clients through our call center, digitally or in person.

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

FINANCIAL POSITION

	As at		
Unaudited	**September 30, 2023**	December 31, 2022 (Restated)	**Variance ($)**
Cash and cash equivalents	$ 13,287	$ 24,058	(10,771)
Trade and other receivables	16,594	18,780	(2,186)
Inventory	17	979	(962)
Prepaid expenses, deposits and other	5,711	4,622	1,089
Current assets (1)	**35,609**	48,439	(12,830)
Accounts payable and accrued liabilities	19,299	20,911	(1,612)
Bank Indebtedness	190	-	190
Deferred revenue	1,889	2,256	(367)
Contingent consideration	765	2,177	(1,412)
Contingent liability	-	1,200	(1,200)
Current portion of lease liabilities	1,148	2,015	(867)
Current portion of long-term debt	16,474	19,617	(3,143)
Current liabilities (1)	**39,765**	48,176	(8,411)
Working capital (2)	**$ (4,154)**	$ 263	(4,417)
Add:			
Contingent consideration settled in shares	241	919	(678)
Long-term debt classified as current, payable on maturity (3)	14,311	17,584	(3,273)
Adjusted working capital(3)	**$ 10,398**	$ 18,766	(8,368)

(1) Current assets and current liabilities above exclude the assets held-for-sale of $6,320 and liabilities associated with the assets held-for-sale of $3,362.
(2) Working Capital and Adjusted Working Capital are non-GAAP measures. Refer to the Non-GAAP Financial Measures section of this MD&A for further information.
(3) Adjusted working capital represents working capital less an adjustment for contingent consideration that the Company has the option to settle in shares and long-term debt that is not anticipated be paid over next 12 months, however that is required to be classified as current . Management expects to renew the credit facility on or before its maturity date.

For the nine months ended September 30, 2023, working capital decreased to $4,154 compared to $263 at the beginning of the year. The decrease is mainly due to lower cash and cash equivalents.

During the nine months ended September 30, 2023, adjusted working capital decreased to $10,398 compared to $18,766 at the beginning of the year. The decrease is primarily due to lower cash and cash equivalents.

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended September 30,		Variance	Nine months ended September 30,		Variance
	2023	2022	**$**	**2023**	2022	**$**
Cash provided by / (used in):						
Net cash used in operating activities	**$ (3,459)**	$ 1,057	$ (4,516)	**$ (10,799)**	$ (21,187)	$ 10,388
Net cash provided by investing activities	**(512)**	(1,434)	922	**3,641**	8,364	(4,723)
Net cash (used in)/provided by financing activities	**(1,711)**	(1,833)	122	**(3,803)**	(4,758)	955
(Decrease) Increase in cash and cash equivalents	**(5,682)**	(2,210)	(3,472)	**(10,961)**	(17,581)	6,620
Cash and cash equivalents, beginning of period	**18,779**	29,703	(10,924)	**24,058**	45,082	(21,024)
Effect of foreign exchange on cash and cash equivalents	**-**	13	(13)	-	5	(5)
Cash and cash equivalents, end of period	**$ 13,097**	$ 27,506	$ (14,409)	**$ 13,097**	$ 27,506	$ (14,409)

The Company had cash and cash equivalents of $13,097 net of bank indebtedness as at September 30, 2023, compared to $27,506 on September 30, 2022.

During the three and nine month ended September 30, 2023, the Company had cash outflows from operations of $3,459 and $10,799, respectively, compared to cash inflows of $1,057 and cash outflows of $21,187 for the comparable periods in 2022. The increase in cash used in operating activities for the three months period was primarily due to timing of changes in working capital in the third quarter of the prior year which included a settlement receipt of $3,337 with the previous owners of VisionPros. Excluding the timing of non-operating adjustments, the net cash outflow decreased attributable to improving EBITDA performance from cost optimization. The decrease in cash used in operating activities for the nine months period was primarily due to improving adjusted EBITDA performance and lower acquisition and divestiture-related, integration and restructuring costs.

Cash inflow used by investing activities during the three and nine months ended September 30, 2023, was $512 and cash provided by investing activities was $3,641 compared to cash outflow of $1,434 and inflow of $8,364 for the same comparable periods in 2022. The increase in cash in investing activities in the three months ended September 30, 2023, was primarily due to continued investments in our Kii offering and our Health and Wellness application. For the nine months ended September 30, 2023 the cash inflow provided by investing activities was lower than the comparative period as the comparative period included net cash acquired in the MindBeacon acquisition of $12,163, offset by net cash received from the disposal of non-core assets in the current year.

Cash used in financing activities during the three and nine months ended September 30, 2023, was $1,711 and $3,803 compared to cash used for financing activities of $1,833 and $4,758 for the same comparable periods in 2022. The decrease in the three months ended September 30, 2023, relatively flat. The improvement in the nine months ended September 30, 2023, was mainly attributable to lower scheduled net debt and lease payments.

As at December 31, 2022, the Company was not in compliance with certain financial covenants under the Facilities and as a result, $19,584 was included in the current liabilities in the restated Consolidated Statements of Financial Position as of December 31, 2022. The Company amended the credit agreement governing the Facilities during the first quarter of 2023 and, as noted below, the Company was in compliance with its financial covenants as at September 30, 2023. However, as of the date that the amended and restated interim financial statements were approved and authorized for issuance, the Company's projected cash flows are not sufficient to repay the full amount of the Facilities on the maturity date of June 30, 2024 and fund operations. The Company is in discussions with its lender about refinancing the Facilities prior to maturity. The Company has formed a judgment that there is a reasonable expectation that the Company will be able to renew its credit facility agreement prior to maturity.

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

As at September 30, 2023, the Company was in compliance with all financial covenants. The debt is secured by a first-ranking security interest on all present and after-acquired assets of the Company's above listed entities.

Normalized cash outflows

Table below provides a reconciliation of the one-time cash outflows in the three months ended September 30, 2023:

(unaudited)	
Cash and cash equivalents as at June 30, 2023	$18,779
Cash and cash equivalents as at September 30, 2023	**13,097**
Cash outflow	**$ (5,682)**
Net cash used in operating activities	**(3,459)**
Adjustments	
Net changes in non-cash working capital	1,857
Cash used in discontinued operations, net of working capital	402
Adjustments to EBITDA (2)	771
Adjusted net cash used in operating activities	**$ (429)**
Net cash provided by investing activities	**(512)**
Adjustments	-
Adjusted net cash used in investing activities	**$ (512)**
Net cash used in financing activities	**(1,711)**
Adjustments	
Federal Economic Development receipt	(284)
Second quarter principal debt repayment that settled in the third quarter	625
Cash used in discontinued operations	27
Adjusted net cash used in financing activities	**$ (1,343)**
Normalized cash outflow (1)	**$ (2,284)**

(1) *Cash outflow and Normalized cash outflow are non-GAAP measures. Refer to the Non-GAAP Financial Measures section of this MD&A for further information.*
(2) *Adjustments to EBITDA include Acquisition and divestiture-related, integration and restructuring costs.*

During the third quarter of 2023, the Company's normalized cash outflow was $2,284, which is favourable compared to an outflow of $3,055 in the second quarter of 2023 and an outflow of $3,947 in the first quarter of 2023. The improvement reflects the positive results from the Company's cost saving initiatives and continued integration and optimization efforts.

As discussed in the "*Outlook*" section above, the Company's continued focus on cost realignment, and actively pursuing buyers for its discontinued operations is expected to improve the Company's cash flow throughout 2023. The Company is monitoring cash flow closely, and it is its number one determinant in strategic decision making.

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximize shareholder value. The Company's capital is comprised of equity and long-term debt, net of cash and cash equivalents. The

Company manages the capital structure and adjusts in response to changes in economic conditions and the risk characteristics of the underlying assets.

There were no changes to the Company's approach in its management of capital during the period. The Company's bank loan (i.e. the Facilities) matures on June 30, 2024, and management is in discussions with its lender about refinancing the Facilities prior to maturity. The Company has formed a judgement that there is a reasonable expectation that the Company will be able to renew its credit facility agreement prior to maturity.

The Company is subject to certain financial covenants in respect of its debt obligations. The Company's strategy is to ensure it remains in compliance with all of its existing covenants under the Facilities so as to ensure continuous access to debt that may be required to fund growth. Management reviews results and forecasts to monitor the Company's compliance.

FINANCIAL INSTRUMENTS

The Company's principal financial assets include cash and cash equivalents, and trade and other receivables. The Company's principal financial liabilities comprise of accounts payable and accrued liabilities, contingent consideration, contingent liability and long-term debt. The main purpose of these financial liabilities is to finance the Company's operations.

The carrying values of cash and cash equivalents, trade and other receivables, and accounts payable and accrued liabilities approximate their fair values due to the immediate or short-term nature of these instruments. The carrying value of long-term debt is initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. There were no transfers between levels of the fair value hierarchy.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior management oversees the management of these risks.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Credit risk arises from cash and cash equivalents, and trade and other receivables. To manage credit risk, cash and cash equivalents are held only with reputable and regulated financial institutions.

The Company provides credit to its customers in the normal course of operations. The Company minimizes its credit risk associated with its trade and other receivables by performing credit evaluations on customers, maintaining regular and ongoing contact with customers, routinely reviewing the status of individual trade and other receivables balances and following up on overdue amounts. Further, trade receivables are monitored on a periodic basis for assessing any significant risk of non-recoverability of dues and provision is created accordingly.

The Company's exposure to credit risk is considered to be low, given the size and nature of the various counterparties involved and their history of collections.

As at September 30, 2023, the Company had $16,594 (December 31, 2022 – $18,780) of trade and other receivables, net of an allowance for expected credit losses of $1,255 (December 31, 2022 - $1,864).

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they become due. The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet its financial obligations as they become due, as well as ensuring adequate funds exist to support business strategies and operational growth. The current assets reflected on the statement of financial position are highly liquid.

The interim financial statements were prepared on the assumption that the Company is a going concern and will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

The Company has incurred losses and has generated negative cash flows from operations. For the nine months ended September 30, 2023, the Company recorded a net loss from continuing operations of $16,205 and cash used in operations of $10,799. As at September 30, 2023, the Company had Cash and cash equivalents of $13,097.

As at December 31, 2022, the Company was not in compliance with certain financial covenants under the Facilities and as a result, $17,584 was included in the current liabilities in the restated Condensed Consolidated Statements of Financial Position as of December 31, 2022. The Company amended the credit agreement governing the Facilities during the first quarter of 2023 and, as noted below, the Company was in compliance with its financial covenants as at September 30, 2023. However, as set out in Note 9 of the condensed interim consolidated financial statements for the nine months ended September 30, 2023, the Company's credit facilities totaling $15,952 mature on June 30, 2024 and as a result have been presented as a current liability on the Consolidated Statements of Financial Position as at September 30, 2023. The Company is in discussions with its lender about renewing the Facilities prior to maturity. The Company has formed a judgement that there is a reasonable expectation that the Company will be able to renew the Facilities prior to maturity, and after evaluating the uncertainties, consider it appropriate to continue to adopt the going concern basis in preparing these condensed interim consolidated financial statements. As at September 30, 2023, the Company was in compliance with all financial covenants. The debt is secured by a first-ranking security interest on all present and after-acquired assets of the Company's above listed entities.

As there is no assurance that the Facilities will be renewed, this condition indicates the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. The condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for the interim financial statements, adjustments may be necessary to the carrying value of assets and liabilities and the reported expenses, and these adjustments could be material.

The maturity profile of the Company's financial liabilities, based on contractual undiscounted payment at each reporting date is:

As at September 30, 2023	**Less than one year**	**One to five years**	**More than five years**	**Total**
Accounts payable, accrued liabilities and other	$ 19,299	$ -	$ -	$ 19,299
Contingent consideration	765	-	-	765
Lease liability	1,148	3,415	-	4,563
Long-term debt	16,474	3,278	260	20,012
	$ 37,686	**$ 6,693**	**$ 260**	**$ 44,639**

As at December 31, 2022 (Restated)	**Less than one year**	**One to five years**	**More than five years**	**Total**
Accounts payable, accrued liabilities and other	$ 20,911	$ -	$ -	$ 20,911
Contingent consideration	2,177	241	-	2,418
Lease liability	2,340	4,869	-	7,209
Long-term debt	18,364	2,393	577	21,334
	$ 43,762	$ 7,503	$ 577	$ 51,872

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Company is exposed to interest rate risk and foreign currency risk.

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

As at September 30, 2023, the Company had variable rate borrowing loans amounting to $15,952 (December 31, 2022 – $17,609). With all other variables held constant, a 1% increase in the interest rate would have increased net loss by approximately $59 (September 30, 2022 – $101) for the three months ended September 30, 2023. There would be an equal and opposite impact on net loss with a 1% decrease in the interest rate.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries. The Company's US operations functional currency is USD therefore any fluctuation in USD relative to CAD will result in a change in other comprehensive income for the period.

The Company's exposure to foreign currency risk to profit before tax is based on changes in the fair value of unhedged foreign currency monetary assets and liabilities and at balance sheet date is immaterial.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements other than short-term lease agreements.

RELATED PARTY TRANSACTIONS

The following is a summary of remuneration of key management and Board of Directors:

	Three months ended		**Nine months ended**	
	September 30, 2023	September 30, 2022	**September 30, 2023**	September 30, 2022
Cash-based compensation	**$671**	$769	**$2,199**	$3,559
Stock-based compensation	**14**	228	**414**	824
Total	**$685**	$997	**$2,613**	$4,383

During the three months and nine month ended September 30, 2023, the Company paid $551 and $1,683 (September 30, 2022 - $661 and $2,364) for services acquired and the cost of facility sharing, and the Company received $74 and $258 (September 30, 2022 – $196 and $375) for services acquired for projects subcontracted to a company controlled by key management of one the Company's subsidiaries for IT development service. As at September 30, 2023, there was an amount payable of $1,512 (December 31, 2022 - $1,479) and amount receivable of $231 (December 31, 2022 - $386). These services were paid for the development of one of the Company's key operational platforms.

During the three and nine months ended September 30, 2023, the Company paid nil and $67 (September 30, 2022 - $36 and $95) to a company which owned 12.5% of one of the Company's subsidiaries, prior to the Company acquiring the minority interest. The payments made related to processing support for Revenue Cycle Management offering. Payments are made in accordance with the terms of the agreement established and agreed to by the related parties.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company's significant accounting judgements, estimates and assumptions are presented in Note 3 to the annual consolidated financial statements and in our MD&A for the year ended December 31, 2022. The condensed interim consolidated financial statements for the three and nine months ended September 30, 2023, and 2022 have been prepared using the critical accounting estimates and assumptions consistent with those applied in the audited consolidated financial statements for the year ended December 31, 2022.

New standards, interpretations and amendments adopted by the Company

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company adopted these amendments on January 1, 2023, which did not have a material impact on the Company's financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The Company adopted these amendments on January 1, 2023, which did not have a material impact on the Company's financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The Company adopted these amendments on January 1, 2023, which did not have a material impact on the Company's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The Company adopted these amendments on January 1, 2023, which did not have a material impact on the Company's financial statements.

LITIGATION AND OTHER CONTINGENCIES

In 2020, Gravitas Securities Inc. ("**Gravitas**") commenced an arbitration alleging breach of the terms of a right of first refusal in connection with an offering which was in the form of a bought deal equity financing underwritten by a syndicate of other investment banks in May 2020. Gravitas subsequently amended its claim for damages to include commissions and damages arising from additional bought deal equity financings which were completed in 2020 and 2021 (the "**Financings**"). The total claims were in excess of $9,458 plus unspecified damages associated with the value of share purchase warrants that were issued in connection with the Financings plus interest and costs. The claims were subject to arbitration proceedings which the Company was defending, and the arbitration hearing was completed in February 2023. During the second quarter of 2023, a decision of the arbitrator was reached resulting in a settlement amount owing of $440. The Company had previously provisioned $1,200 for the contingent liability and consequently reversed $760 during the second quarter of 2023. The reversal of the over accrual did not have any impact on adjusted EBITDA as it is considered an adjusting item in the calculation (please refer to the "*EBITDA and Adjusted EBITDA"* section above***).***

OUTSTANDING SHARE DATA

The Company had the following securities issued and outstanding:

Issued and outstanding *(unaudited)*	**December 11, 2023**	**September 30, 2023**
Common shares	304,679,883	302,505,970
Stock options	5,401,667	6,599,167
Restricted share units	9,101,292	9,101,292
Deferred share units	2,653,409	2,552,177
Total	**321,836,251**	**320,758,606**